RAJYA SABHA

*Tuesday, the 2nd May, 1995/12th Vaisakha, 1917 (Saka)*

The House met at eleven of the clock, *Mr. Chairman* in the Chair.

## ORAL ANSWERS TO QUESTIONS

### Tax holiday to Industrial Units

381. SHRI RAJUBHAI A. PARMAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government have received any proposal from Government of Gujarat to adopt "Taluka/Block" instead of "District" as a unit for judging backwardness of an area for the purpose of granting tax holiday to industrial units under 80-IA of the Income Tax Act;

(b) if so, what action has been taken by Government on this proposal; and

(c) by when this issue will be finalised by Government.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MURTHY): (a) Yes Sir.

(b) and (c) Comparable and reliable ata on various ecenomic and infrastructural indicators, at Taluka level, are available in many states. This es identification of Talukas on a onally uniform set of criteria virlly impossible.

SHRI RAJUBHAI A. PARMAR: Sir, I would like to know whether the Government had itself adopted taluka as the basic unit of industrial backwardness as early as in 1983 while introducing the Central Investment Subsidy Scheme and whether the Government are aware that the I. G. Patal Committee in the year 1984 had recommended on the basis of 25 indicators that different talukas in the same district were suffering from widely differing levels of backwardness. For example, while some talukas in Bharauch district were ranked first in backwardness and other talukas like Ankleshwar were placed at 115th rank in backwardness. If so, does the Government agree with the recommendation of the I. G. Patel Committee? If not, what steps were taken in the light of this recommendation to identify backwardness taluka-wise?

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): I am not familiar with the recommendation of the I. G. Patel Committee. I would require a separate notice to answers that question. With regard to the general point, briefly, with all the efforts that we have made, it is not possible to get a nationally comparable data of all the talukas. The present state of data being what it is, they are certainly for State level incentives and one can not use talukas as the base because the States compile these data in different ways which is not easily comparable nationally. It is not easy to use that as the base for incentives at the national level.

SHRI RAJUBHAI A. PARMAR: Sir, may I know whether the recent survey conducted by the Federation of Indian Chambers of Commerce and Industry has revealed that regional disparity in the flow of investment has increased with the advent of liberalisation and economic reforms and the incentives offered under Section 80-IA of the Income-tax Act by way of tax holiday have fallen far too short of the need for speedy industrial development of backward areas and districts, whether a special set of incentives, besides the said concessions, are being contemplated to

attract accelerated industrial investment in the backward areas to eliminate such disparities, and if so, the details in this regard?

SHRI MANMOHAN SINGH: Sir, I am not familiar with the report of the Federation of Indian Chambers of Commerce and Industry, but certainly the hon. Member from Gujarat should have no complaint with regard to the effect of the New Economic Policy on the climate for investment. Gujarat and Maharashtra and some other States have received maximum amount of investment and, therefore, these States certainly should not have much cause for complaint. There are other areas where there are problems because of lack of infrastructure. For example, in the North-Eastern Region, the lack of infrastructure is a problem. There are certain other disabilities. For example, transport causes problem. That is why for those areas in this year's Budget we have brought forward the establishment of a North-Eastern Regional Development Bank to accelerate the tempo of industrial development. But certainly, in States like Gujarat, I do not think, any sort of incentives are required because the climate for investment is sufficiently buoyant and that will take care of the requirements of that State.

**मौलाना अबेदुल्ला खान आजमी** : सर, पसमादा जिलों में इंडस्ट्री लगाने के लिये इन्कम टैक्स की दफा 81 के तहत छूट देने की जो स्कीम है, उसके लिये मैं जानना चाहता हूं कि उत्तर प्रदेश में कौन-कौन से जिले मुनतखब किये गये हैं और छूट किस हद तक है ? क्या सरकार को इस बात का इल्म है कि उत्तर प्रदेश के बेशतर जिले इंडस्ट्री के एतबार से निहायत ही पसमांदा है, जबकि उन सारे जिलों में यह छूट मुहैया नहीं कराई गई है ? तो सरकार उन जिलों में इस तरह की छूट देने के लिये क्या एकदामात करने जा रही है?

مولانا عبید اللہ خاں اعظمی : سر۔ پسماندہ ضلعوں میں انڈسٹری لگانے کے لیے انکم ٹیکس کی دفعہ ۸۱ کے تحت چھوٹ دینے کی جو اسکیم ہے۔ اس کے لیے میں جاننا چاہتا ہوں کہ اتر پردیش میں کون کون سے ضلع منتخب کئے گئے ہیں اور چھوٹ کا حد تک ہے۔ کیا سرکار کو اس بات کا علم ہے کہ اتر پردیش کے بیشتر ضلع انڈسٹری کے اعتبار سے نہایت ہی پسماندہ ہیں جبکہ ان سارے ضلعوں میں یہ چھوٹ مہیا نہیں کرائی گئی ہے۔ تو سرکار ان ضلعوں میں اس طرح کی چھوٹ دینے کیلئے کیا اقدامات کرنے جارہی ہے۔

SHRI MANMOHAN SINGH: Sir, the Government had appointed...

SHRI S. JAIPAL REDDY: Answer in Urdu, please!... (Interruptions)...

**मौलाना अबेदुल्ला खान आजमी** : मेरी रियायत से बोल दीजिये तो ज्यादा मेहरबानी होगी ।

مولانا عبید اللہ خاں اعظمی : میری رعایت سے بول دیجیے تو زیادہ مہربانی ہوگی۔

SHRI MANMOHAN SINGH: The Government had appointed a group to look into this matter to identify industrially backward districts. The Report of that group has been received. It is under examination of the Government and I expect trat the Government would take a decision on that Report soon.

SHRI SANATAN BISI: I want to know which are the State-wise identified backward areas.

MR. CHAIRMAN: It is a very large question.

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†[ ] Transliteration in Arabic Script.

SHRI SANATAN BIST: The other thing is whether the criteria of social and economic backwardness will be the factors for deciding the relevant issue?

SHRI MANMOHAN SINGH: I have already mentioned, Sir, that I had appointed a group to look into this problem. The report of the group has been received and it is under examination. As of now, I am unable to say what would be the Government's decision. But, I expect to announce the decision soon.

MR. CHAIRMAN: Shri Surinder Singla.

SHRI SURINDER KUMAR SINGLA: Thank you, Sir. I want to ask the hon. Finance Minister whether the tax holiday insentive schemes to promote new industries in certain backward areas, for example, in Jammu and Kashmir, are feasible in the context that these tax holiday schemes have made Punjab a totally non-competitive and the most disadvantageous State. Also, I would like to know whether he will consider the request of the State of Punjab to provide a tax holiday scheme for Punjab also which is also economically backward.

The resources of investment are transferred from Punjab to Himachal Pradesh. For example, cotton is being produced in Punjab and new cotton industries are coming up in Himachal Pradesh which is not producing cotton at all, making punjab the most disadvantageous. The second part of the question is what kind of steps he would consider to make these tax holiday schemes operational in terms of territory or in terms of industry.

SHRI MANMOHAN SINGH: Sir, Himachal Pradesh, by all reckoning, is a very backward State and it needs help and that is why, some two years ago, I had announced a scheme of tax incentives covering Himachal Pradesh. Jammu & Kashmir and the States of the North Eastern Region. It does happen that if you have tax incentives given in a particular State, it will have some adverse effect on the neighbouring States. But, as of now, I feel, there is no strong case for extending the scheme of tax incentives to other neighbouring States.

डा. बापू कालदाते : यह जो औद्योगिक एककों की दृष्टि से अविकसित जिलों की लिस्ट है, वह बहुत पुरानी हो गई है। कई साल पहले इसके बारे में सोचा गया था और जो कुछ भी सुविधायें देनी थीं, उस समय दी थीं। क्या सरकार नई नीति के बाद इसका रिव्यू करने के लिये या अलग से सोचने के लिये कोई विचार कर रही है ?

SHRI MANMOHAN SINGH: Sir, I have already mentioned with regard to the identification of the backward areas. The Government had appointed a group. The Report of that group has already been received and it is under examination of the Government. I expect to announce the decision of the Government on that Report very shortly.

DR. BAPU KALDATE: 'Very shortly' means when? 'Very shortly' is too long sometimes.

MR. CHAIRMAN: Shorter than shortly'!

श्री अनन्त राम जायसवाल : क्या माननीय मंत्री जी को यह पता है कि यूं तो पूरा उत्तर प्रदेश ही औद्योगिक रूप से पिछड़ा हुआ है लेकिन उसमें भी अवध का इलाका पूरे तौर मे पिछड़ा हुआ है, जब आप विचार करेंगे इस पर तो क्या इस बात को ध्यान में रखेंगे?

SHRI MANMOHAN SINGH: I am aware of the problems of Uttar Pradesh and its various regions. The group that I had appointed, I have every reason to believe, will take into account the relevant fects.

**Impact of Liberalisation Policy on North -East Development**

*382. DR. SANJAYA SINH: Will the Minister of FINANCE be pleased to state: (a) whether Government are aware that there has been no positive impact of the new liberalisation policy on the